

Indiana Prescription Drug Program, HoosierRx

Historical Overview

In October 2000 the State of Indiana implemented the Indiana Prescription Drug Program, HoosierRx, to subsidize the cost of purchasing prescription drugs by limited-income senior citizens. The General Assembly authorized twenty million dollars from the state's Tobacco Settlement Funds be set aside to support the prescription drug program. There have been many phases of HoosierRx throughout the years with all changes made in an effort to provide program members with the most comprehensive benefit possible.

Phase I

The first phase of HoosierRx began with the announcement of the program in October 2000. Enrollment of limited-income seniors also began that month with a goal of enrolling 30,000 members into the newly formed program.

The original structure of HoosierRx was that of a refund program. Indiana residents, 65 years of age or older, with income of 135% or less of the federal poverty limit and no prescription drug insurance coverage were eligible to receive up to a maximum of \$1,000 in program benefits during a single calendar year. An income tier configuration determined if an approved HoosierRx applicant would receive \$500, \$750, or the maximum \$1,000 benefit. *See Table 1*

Members submitted their prescription drug purchase receipts along with a HoosierRx refund certificate on a quarterly basis and then received a refund check for 50% of the cost of their drugs during that quarter.

The program was well-received by seniors and their advocates. By the end of state fiscal year 2001 HoosierRx had 10,674 members and expenditures in the amount of \$1,563,252. The end of state fiscal year 2002 saw HoosierRx membership at 16,359 with expenditures totaling \$6,669,687.

With such a high member utilization rate it became apparent that a point-of-service discount would be the best way to provide HoosierRx members with their prescription drug benefit; setting the stage for the second phase of the HoosierRx program.

Phase II

Phase II of Indiana's prescription drug plan for seniors, HoosierRx, began July 1, 2002. Affiliated Computer Services (ACS) was chosen as the pharmacy benefits manager for the new point-of-service structure adopted by HoosierRx.

HoosierRx members were issued cards to be used at the pharmacy when they purchased their prescription drugs. The new cards allowed seniors to obtain their discount instantly without having to submit receipts and refund certificates. However, refund certificates were still being accepted until the end of September 2002. ACS completed the processing of refund claims in February 2003.

HoosierRx ended state fiscal year 2003 with 16,181 members and expenditures amounting to \$7,053,077. State fiscal year 2004 ended with HoosierRx enrollment at 19,210 and expenditures of \$8,766,036.

Phase III

June 1, 2004 marked the beginning of the third phase of HoosierRx. The new structure of HoosierRx was designed to last over a 19 month period and complement the recently introduced Medicare Drug Discount Card (MDDC).

The Medicare Drug Discount Card offered \$600 in prescription drug assistance for each calendar year of 2004 and 2005. The MDDC provided an immediate point-of-sale cost reduction for the purchase of covered prescription drugs.

On June 1, 2004 HoosierRx members began receiving a 75% discount on their prescriptions at the time of purchase when using their HoosierRx card and income guidelines for the program were raised to 150% of the federal poverty level. The available HoosierRx benefit offered to members was \$1,200 to be used over the ensuing nineteen month period. New members joining after the June 1, 2004 structure change received a reduced benefit of \$200 per quarter for each quarter they delayed enrolling with HoosierRx. The MDDC and HoosierRx could be used in conjunction offering some beneficiaries up to \$2,400 in prescription drug savings from June 1, 2004 through December 31, 2005.

In September 2004 HoosierRx received a State Pharmaceutical Assistance Program (SPAP) grant in the amount of \$886,723 from the Centers for Medicare and Medicaid Services (CMS) to be used for outreach, education, and infrastructure enhancements needed for the Medicare Part D prescription drug benefit beginning January 1, 2006.

State fiscal year 2005 ended with HoosierRx program expenditures totaling \$13,828,871 and program enrollment of 25,237. HoosierRx utilized \$805,778 of the SPAP grant from CMS in this same state fiscal year.

HoosierRx received a second SPAP grant from CMS in the amount of \$888,240 in October 2005. As with the first grant SPAP grant, this was to be used for outreach, education, and infrastructure enhancements needed for the implementation of Medicare Part D in January 2006.

December 31, 2005 marked the end of Phase III of the HoosierRx program. By the end of December 2005 HoosierRx had 33,049 unique individuals enrolled in the program with over 27,800 actively receiving benefits from HoosierRx.

Phase IV

January 1, 2006 marked the implementation of the new Medicare Part D prescription drug benefit, as well as a new program structure for HoosierRx. With the advent of Medicare Part D now paying for Medicare beneficiaries' prescription drug costs, HoosierRx no longer needed to provide direct drug cost assistance. Instead, HoosierRx, now also recognized by the acronym SPAP, identified and filled the need to subsidize the Medicare Part D premiums for limited-income Indiana seniors. This was a completely new program assistance structure requiring new eligibility guidelines and thus a new application process leading to a redesigned program that had to rebuild its membership.

Under the new HoosierRx program structure members could receive up to \$35.69 (regional premium benchmark) in monthly premium assistance and an annual \$250 benefit to be used toward meeting the Medicare Part D deductible and/or co-pays.

Eligibility requirements continued to include a member be an Indiana resident 65 years old or older, have a gross income of 150% of the federal poverty level or less, and be enrolled in one of the Part D plans working with HoosierRx. In addition the member must have applied for the low-income subsidy, “extra help,” from Medicare and have received a determination of partial extra help or a denial of extra help due to having assets in excess of Medicare’s guidelines.

The Part D prescriptions drug plans (PDPs) working with HoosierRx at this time were: PacifiCare, WellCare, Member Health, and First Health. All companies offering Part D plans in Indiana were invited to work with HoosierRx; only those previously listed accepted the invitation and contracted with the state to provide SPAP benefits to eligible members. Many companies declined the invitation because there was such a short timeframe during which to make the numerous internal changes and accommodations needed to administer the Part D benefit as well as the HoosierRx assistance by January 1, 2006.

HoosierRx ended state fiscal year 2006 with \$4,338,111 in program expenditures and 1,411 members.

Phase V

Endeavoring to provide a benefit to more seniors and expand the number of PDPs working with the SPAP, HoosierRx went through a program restructuring once again in July 2006. The newest, and current, structure of HoosierRx affords each member with up to \$70 per month per member in premium assistance for Part D plans working with HoosierRx. As a result, five additional PDPs contracted with HoosierRx: CIGNA, Humana, SilverScript, Prescription Pathways, and United HealthCare.

Members enrolled with HoosierRx between January 1 and June 30, 2006 retained the same benefit under which they had enrolled. Members enrolling July 1, 2006 or later received the newly increased premium benefit, but no assistance toward their Part D deductible and/or co-pays.

HoosierRx utilized \$534,207 of the SPAP grant funds in federal fiscal year 2006.

January 1, 2007 brought cohesiveness to the HoosierRx program with all members now receiving the same benefit of up to \$70 per month per member in premium assistance. By June 30, 2007, the end of state fiscal year 2007 HoosierRx had 2,291 members and expenditures totaling \$957,415.

As the landscape of national and state healthcare changes HoosierRx continues evolving meeting the needs of some of Indiana’s most vulnerable citizens.

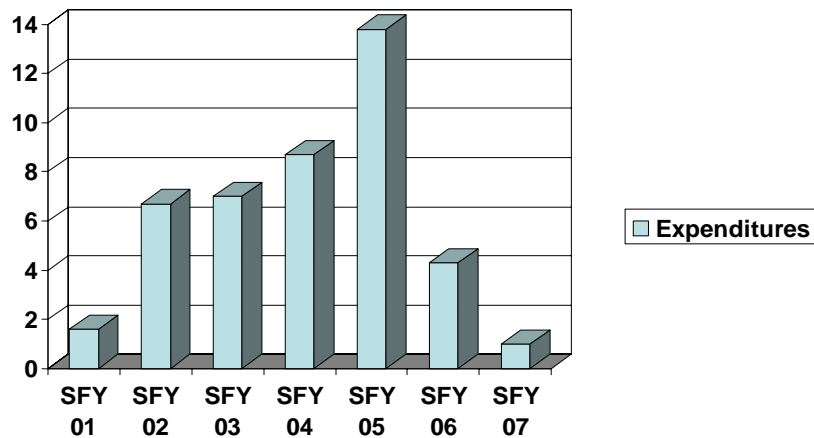
Table 1

HoosierRx Sliding-scale Income and Benefit Chart for year 2000

Individual	Couple/Family	Refund amount:
\$997 or less	\$1,344 or less	50% of prescription costs – up to \$500 a year
\$886 or less	\$1,194 or less	50% of prescription costs – up to \$750 a year
\$739 or less	\$995 or less	50% of prescription costs – up to \$1,000 a year

Table 2

HoosierRx expenditures



SFY 06 began coordinating benefits with Medicare through Medicare Drug Discount Card and Medicare Part D, so state costs decreased. Budget in SFY 06 forward is 7.9M per year.